



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 6/21/2004

GAIN Report Number: HU4013

Hungary

Grain and Feed

Pre-harvest Grain Prospects

2004

Approved by:

Sarah Hanson
U.S. Embassy

Prepared by:

Dr. Ferenc Nemes

Report Highlights:

Hungary's wheat crop is expected to be 1.5 million MT above the 2003 harvest. At present, the barley crop is expected to be above 1.1 million MT. High wheat crop forecasts in Europe, financing, and storage limitations may aggravate crop handling. Trade sources expect increased wheat exports to other EU countries, as well as to third countries.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1]
[HU]

The wheat crop is expected to be 1.5 million MT above the 2003 harvest. Post's last estimate of 4.4 million MT is in line with this expectation. The barley crop is also expected to be above post's last estimate of 355,000 hectare and 1.1 million MT. Post's estimates for other small grains include: 49,000 ha and 117,600 MT for rye, 160,000 ha and 512,000 MT for triticale, and 74,000 ha and 148,000 MT for oats.

Rainy weather in spring and early June resulted in increased grain harvest forecasts. Weed and fungus infestation and weather during harvest may affect volume and particularly, crop quality. The barley harvest begins end of June in Hungary, wheat harvest begins in early July.

Trade sources expect increased wheat exports to other EU countries, as well as to third countries. Hungarian traders will offer wheat for EU intervention, too. The intervention period for Hungarian wheat begins on November 1. Financing of wheat stocks (until November 1) and limited storage capacities may push post harvest prices to a 25% lower level than compared to the same period in 2003. Futures prices at the Budapest Commodity Exchange (BCE) for September have sunk from HUF 29,300/MT (USD 143) to HUF 27,600/MT (USD 135).

Other conditions may also influence Hungary's wheat trade position. For example -the export supply from Russia and Ukraine to EU countries and southeast European countries, weather, a storage crunch due to high wheat stocks and a strong corn harvest, and the way Hungary's grain trading sector, including lots of small/medium companies without facilities, handle export and intervention demands.